

Message Text

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PAGE 01 KINGST 03365 241651Z
ACTION ARA-14

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C O N F I D E N T I A L KINGSTON 3365

E.O. 11652: GDS
TAGS: EMIN, EFIN, EINV, JM
SUBJECT: BAUXITE INDUSTRY PROBLEMS

REFERENCE: KINGSTON 3115

1. REFTEL REPORTED A RANGE OF PROBLEMS BEING EXPERIENCED BY
KAISER, REYNOLDS AND ALCOA UNDER THEIR NEW AGREEMENTS WITH GOJ.

2. DURING MEETING ON ANOTHER SUBJECT BETWEEN MINISTER OF
STATE FOR PLANNING FLETCHER AND CHARGE JUNE 23 CHARGE POINTED
OUT THAT THE COMPANIES ARE EXPERIENCING REAL DIFFICULTY IN
FINDING ANY OFFICIALS OR OFFICES WITHIN THE GOJ WHICH WILL
FOCUS WITH ANY DEGREE OF SERIOUSNESS ON THE MANY LEGITIMATE
PROBLEMS FACED BY THE COMPANIES. IN EFFECT THE OLD ADVERSARY
RELATIONSHIP HAS NOT BEEN REPLACED BY THE HOPED-FOR PARTNER-
SHIPS. FLETCHER ACKNOWLEDGED THAT THIS SITUATION EXISTED AND
SAID THAT A DECISION HAD JUST BEEN TAKEN BY GOJ TO NOMINATE
A HIGH-RANKING INDIVIDUAL TO THE BOARD OF EACH COMPANY WHO
WOULD HAVE THE NECESSARY POLITICAL CLOUT TO DEAL WITH
THEIR PROBLEMS. THE AUTHORITY OF THE MINISTRY OF MINES
IN VARIOUS AREAS IS BEING STRENGTHENED TO HELP ELIMINATE
SOME OF THE BUREAUCRATIC ENTANGLEMENTS BEING FACED BY
THE COMPANIES. ON THE SPECIFIC ISSUE OF THE COMPANIES'
COMPLAINT THEY ARE BEING DISCRIMINATED AGAINST BY HAVING
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PAGE 02 KINGST 03365 241651Z

ALL OF THEIR EXCHANGE TRANSACTIONS UNDER THE BASIC (OLD)
RATE, FLETCHER SAID THAT THE GOJ IS PREPARED TO NEGOTIATE
A TRANSFER TO THE NEW RATE IN RETURN FOR COMMITMENTS TO
INCREASED PRODUCTION. THE GOJ CANNOT AFFORD TO LOSE THE
40 TO 910# MILLION DOLLARS WHICH WOULD ENSUE FROM A SHIFT
TO THE NEW RATE WITHOUT COMPENSATING INCREASED PRODUCTION.
HE SAID THAT CONCESSIONS IN THIS AREA WOULD BE EASIER TO

WORK OUT THAN ANY ADDITIONAL REBATES ON OR
RELIEF FROM THE BAUXITE LEVY.

3. FLETCHER SAID THAT THE ABOVE POINTS WERE MADE IN
BROAD TERMS TO THE HEADS OF THE THREE COMPANIES HERE
DURING A MEETING YESTERDAY BETWEEN THEM AND GOJ MINISTER
OF MINES DUDLEY THOMPSON AND BANK OF JAMAICA GOVERNOR G.
ARTHUR BROWN. FLETCHER COMMITTED HIMSELF TO FOLLOWING
UP PERSONALLY ON THE ISSUE OF IMPROVING THE "PARTNERSHIP"
ASPECT OF THE NEW AGREEMENTS.

4. COMMENT: WE WILL BE TALKING TO THE BAUXITE
COMPANIES SEPARATELY TO OBTAIN THEIR VIEW OF
YESTERDAY'S MEETING. ADDITIONALLY, FLETCHER AGREED TO
HAVE A SEPARATE TALK WITH PAUL CROUCH OF ALCOA WHICH
SEEMS TO HAVE A HIGHER LEVEL OF CONCERN ABOUT THE VARIOUS
ISSUES THAN DO THE OTHER COMPANIES.
DORRANCE

NOTE BY OC/T: #AS RECEIVED.

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